

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1145

ANSWERED ON:23.11.2001

ECONOMIC SLOW DOWN IN MANUFACTURING SECTOR Q U E S T I O N

M.A. KHARABELA SWAIN

Will the Minister of FINANCE be pleased to state:

- (a) The impact of economic slowdown on the manufacturing sector;
- (b) Whether the World wide slowdown has got any impact on such phenomenon; and
- (c) If so, the steps taken by Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) : As a consequence of the general slow down of the economy, there has also been a slow down in the manufacturing sector. As per the use based classification, this slowdown is spread across all categories viz. Basic, intermediate goods and consumer goods and more pronounced in the capital goods sector which recorded negative growth in April-September 2001. A comparative statement giving changes in the overall industrial growth as per the use based classification during April-September 2000 and April-September 2001 is attached.

(b) World wide slow down has a limited impact on the manufacturing sector. This is because even though Indian exports at 9.3 per cent of GDP in 2000-01 were low, manufactured exports as a percentage of total exports at 77.9 per cent in 2000-2001 were high.

(c) Various fiscal and financial measures have already been announced by the government in the Budget 2001-02 to boost industrial production, public and private investment including foreign investment. Subsequently, in the mid-term review of the credit policy announced in October, 2001. RBI has reduced bank

rate by 0.5 percentage points from 7 to 6.5 per cent. CRR by 2 percentagepoints from 8 to 6 in phases and also reduced the interest rates for export credits.

Statement referred to in reply to part (a) of Lok Sabha Unstarred Question No.1145 by Shri Kharabela Swain for answer on 23rd November, 2001 Growth rates based on Index of Industrial Production (IIP) for the aggregate and as per Use based classification (per cent change over the corresponding months of the previous year)

Base: 1993-94=100)

	2001	2000	April-September	April-September
General	2.3	5.7		
Basic Goods	2.0	4.6		
Capital Goods		-8.6	4.2	
Intermediate Goods	3.1	5.2		
Consumer Goods	5.5	8.0		
Consumer durables		11.9	19.7	
Consumer non durables	3.1	4.3		